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Beyond the Brief

The productivity gap and how digital service design can help address it

The UK public sector is delivering less with more. This edition examines why the productivity gap persists - and three practical steps the Government can take, with the private sector, to close it.

£80bn
the productivity lag costs the UK economy every year

-5%
below pre-pandemic productivity

3
recommendations for Government

Welcome to Beyond the Brief

Beyond the Brief is Sopra Steria UK's insights series for the people shaping how government works. Each edition sets out a view on the challenges facing the public sector, drawing on decades of delivery experience across the private sector and as a trusted partner to government departments, to guide the choices policymakers face.

Whilst many companies focus solely on providing external advice on public sector transformation, Sopra Steria designs, builds and runs the critical national infrastructure that underpins the UK's essential public and consumer services. Because we deliver the changes we recommend and then run the services day in, day out, we know how to scale transformation work successfully.

Our experience spans nearly 30 European countries and more than 20 UK government departments and agencies. And, with AI reshaping how critical services are delivered, we're helping complex organisations move from experimentation to responsible, industrialised deployment that achieves better results at scale and that citizens can trust.

Our approach follows three steps: Simplify. Transform. Grow. We start by simplifying services and the processes behind them, because unnecessary complexity can reduce productivity. We then transform how work gets done. We're guided by our principle of AI by default, human by design, ensuring technology is deployed securely and responsibly to assist transformation, with people, trust, and accountability at the centre. It is not about AI in isolation but rather how it can create more space for human judgement, empathy, and creativity. The result is growth: better outcomes for citizens, more capacity for frontline teams, and public services that contribute more to the UK economy.

This edition of Beyond the Brief examines the UK's public sector productivity gap and how redesigning government services through this combined lens of people, technology, and operational delivery – instead of considering each in isolation – can help close it.

Why unlocking productivity in the public sector requires a fundamental shift in the way services are designed and work gets done

The UK public sector is delivering less with more. Public sector productivity remains 2.5% below its 2019 level (with healthcare productivity down 5.8%) while demand for services continues to rise.[1] The Government's own analysis suggests that full digitalisation of public services could release more than £45bn a year, equivalent to 4–7% of public spending.[2] Behind these figures sit millions of people waiting longer for appointments, decisions and support. Modern digital services that benefit both those working to deliver frontline services and the citizens who rely on them every day would help the system move faster and perform better. But turning the productivity tide requires more than digitalisation alone. The case for digital delivery has already been made at length by public sector leaders.

The October 2026 Budget raised the stakes further: departments must now cut administration budgets by 20% in real terms by 2029–30, up from 16%, and the Government is providing £35m to set up GovAI and a £50m Civil Service AI transformation fund to drive AI adoption across the Civil Service.[3] Savings on that scale will only be realised if each AI deployment is tied to measurable outcomes.

The question today, therefore, is how we design and implement new ways of working – combining knowledge of the technology, frontline employees, and the realities of operational delivery – to achieve greater productivity at scale across complex organisations, each with their own legacy infrastructure, operating models, and workforce structures. Closing the gap means designing digital services that match the best of the private sector and delivering them consistently across public bodies of varying size and complexity. It also means building services that are secure and resilient, that keep sensitive data and critical capability under appropriate UK control, and that leave a named person accountable for the decisions they support.

By unlocking talent, redesigning roles, and expanding workforce capabilities – equipping employees with the right technology and AI-native ways of working – the public sector will deliver better outcomes, measurable productivity gains, and tangible benefits for UK citizens.

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[1] Office for National Statistics, *Public service productivity, quarterly, UK: January to March 2026*, August 7, 2026 (https://www.ons.gov.uk/economy/economicoutputandproductivity/publicservicesproductivity/bulletins/publicserviceproductivityquarterlyuk/januarytomarch2026).

[2] Department for Science, Innovation and Technology, *State of digital government review*, January 21, 2025 (https://www.gov.uk/government/publications/state-of-digital-government-review/state-of-digital-government-review).ublic-sector-miss-45-billion-annual-savings).

[3] HM Treasury, *Budget 2026*, October 28, 2026 (https://www.gov.uk/government/publications/budget-2026-document/budget-2026-html).

Drawing on our delivery experience across both the public and private sectors, we set out three practical recommendations to turn the Government's digital ambitions into real-world citizen outcomes: shorter wait times, faster decisions, and civil servants freed up to do the work they joined the public sector to do. Each of these recommendations can be delivered through existing Government structures, and each comes with a clear measure of success. Sopra Steria stands ready to play its part in delivering each of these recommendations, alongside government teams, SMEs, and other delivery partners.

Our recommendations at a glance

1. Co-design services around outcomes from the start, bringing citizens, frontline teams, SMEs, and strategic delivery partners together with policy, digital and operational teams, before a specification is fixed.

2. Measure the value that AI and digital investment delivers through a Public Service Value Framework, built on the Government's existing digital performance framework and covering productivity, service improvement, frontline capacity, citizen experience, trust, and realised benefits.

3. Build enduring capability alongside every major deployment, with workforce, role redesign, and adoption plans agreed before go-live, and knowledge transfer treated as a measurable requirement.

Section 1 of this paper looks at how digital services are designed, outlining why they should be co-designed around outcomes, with the people who use and deliver them, from the start.

Section 2 examines the tools used to deliver digital services, making the case for moving from experimenting with AI to operationalising it in ways that are secure, resilient, and trusted.

Section 3 turns to the people who run public services day to day, setting out how workforce and role redesign, system integration support, and the development of lasting skills can free up teams to focus on the work that drives productivity, rather than the process that gets in the way. Across all three, the aim is the same: better outcomes for the citizens and frontline teams who depend on these services.

The public sector is falling behind, and citizens are paying the price

Government services exist to help people. Whether someone is renewing a passport, claiming Universal Credit, or booking a hospital appointment, every interaction between citizen and state rests on the same promise: that the systems taxpayers fund will work for them when they need them. Keeping that promise depends on productivity. When productivity stalls, citizens wait longer for the services they rely on. Public sector productivity is therefore a citizen issue as much as a fiscal one.

At present, the promise is not being kept. The UK's productivity gap is persistent, structural, and becoming increasingly visible. It is caused by the misalignment of people, processes, operating models, policy, data, culture, and technology. The reality is that no single lever can close the gap on its own. Technology is an enabler, not an answer in itself. Even the most capable platform is dependent on effective processes and people with the skills and authority to use it well.

Nowhere is this more apparent than in public services, where too much resource is spent simply keeping organisations running, rather than delivering the best possible outcomes. Public sector productivity largely kept pace with the private sector between 2010 and 2019 but has fallen behind since the pandemic.[4]

EY analysis shows that if public sector productivity had kept pace with the private sector between 2019 and 2024, the UK economy would be 3% larger, worth around £80bn a year in lost output.[5] With public sector spending accounting for around 44% of GDP, the drag on the wider economy is significant.[6] Only around half of central government and NHS services offer a digital pathway,[7] and 70% of government bodies point to difficulties in recruiting and retaining staff who have the AI skills they require.[8] The gap between how the Government and the private sector deliver digital services is widening.

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[4] EY, *Mind the productivity gap*, August 2025 (https://www.ey.com/content/dam/ey-unified-site/ey-com/en-uk/newsroom/2025/08/ey-mind-the-productivity-gap-report.pdf).

[5] EY, Mind the productivity gap.

[6] EY, Mind the productivity gap.

[7] Department for Science, Innovation and Technology, *State of digital government review*.

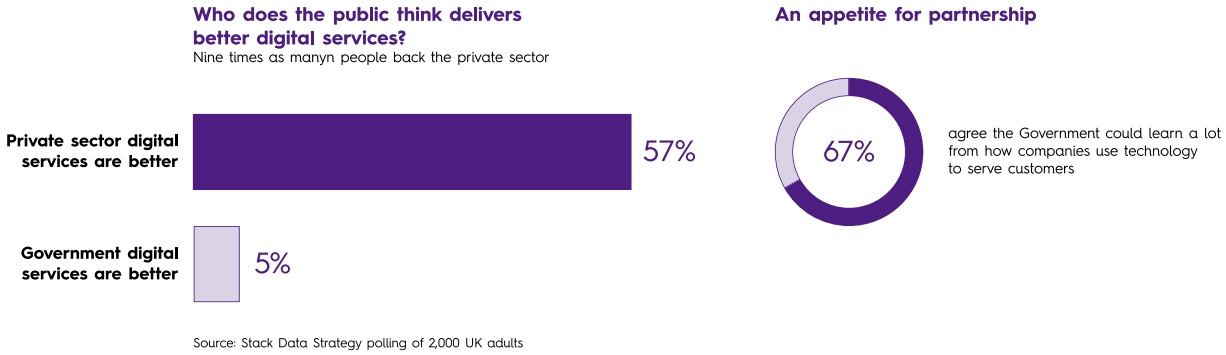
[8] House of Commons Committee of Public Accounts, *Use of AI in Government*, Eighteenth Report of Session 2024–25, March 2025 (https://publications.parliament.uk/pa/cm5901/cmselect/cmpubacc/356/report.html).

The public is already feeling the consequences of this gap. Public satisfaction with government digital services has fallen from 79% to 68% over the past decade.[9] As the Government's 'State of Digital Government Review' makes clear, millions of people rely on digital public services every day, yet there is currently no cross-government capability for managing the emerging technologies, including AI, that are reshaping how those services are delivered.[10]

Where private sector organisations have embraced digital transformation, the results speak for themselves: faster service delivery, reduced administrative burdens, and better outcomes for users. Sopra Steria's work with easyJet, explored in Section 1, is one example — a manual pre-pandemic refunds process redesigned as an automated digital service.

The financial case is compelling, with digitally mature organisations consistently reporting lower operational costs, improved resource allocation, and stronger returns on technology investment. Deloitte's 2020 digital transformation survey found that highly digitally mature companies were around three times more likely than their less mature counterparts to report net revenue growth and net profit margins significantly above their industry average.[11]

The public sector stands to realise similar benefits with the Government's plan to digitise public services, but its success hinges on a more integrated and comprehensive approach.



Polling conducted for this paper by Stack Data Strategy reinforces this point.[12] Nine times as many people believe the private sector delivers better digital services than the Government, and 67% agree that the Government could learn a lot from how companies use technology to serve customers. Citizens can see the gap and they expect it to be closed.

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[9] Department for Science, Innovation and Technology, *State of digital government review*, citing BCG, *Digital Government Citizen Survey*, 2024.

[10] Department for Science, Innovation and Technology, *State of digital government review*.

[11] Deloitte Insights, *Uncovering the connection between digital maturity and financial performance*, May 26, 2020 (https://www.deloitte.com/us/en/insights/topics/digital-transformation/digital-transformation-survey).

[12] Stack Data Strategy for Sopra Steria, online survey of 2,000 UK adults, fieldwork February 2026.

1: Co-design services around outcomes from the start

The first barrier to a more productive public sector lies in how new digital services are designed, which is where simplification must start. Under the traditional approach, policy is often set and a service specified and put out to tender before the people who will use, run, and build it have been involved. However, a series of high-profile failures has shown where this can lead, with services that underdeliver, public money wasted, and productivity gains delayed or not realised at all. Only 9% of major government technology programmes are rated as 'highly likely' to succeed, and they are 60% more likely than other major projects to be rated 'high risk'.[13]

The public sector spends around £26bn per year on digital technology, yet much of this is absorbed by maintaining outdated systems rather than improving services: some organisations, including the Department for Work and Pensions and NHS England, spend as much as 70–85% of their technology budgets on upkeep; around 28% of central government's technology estate is classified as legacy; and maintaining legacy systems often costs three to four times as much as modern alternatives.[14] Failures can reach the front line, with NHS England alone suffering 123 critical service outages in 2024, often forcing staff back onto paper-based processes.[15] Resilience is therefore a productivity issue as much as a security consideration. The Health Foundation estimates that if NHS productivity grows at its long-run average of 1% a year, against the Government's 2% target, the NHS would need £211bn in 2028/29 rather than £198bn: £13bn more in that year alone.[16]

Our work with easyJet shows what is possible when the team that builds and runs a service also helps to design it. When the Covid-19 pandemic grounded flights across Europe, easyJet needed to issue vouchers to every passenger affected by cancellations through a process that was almost entirely manual. Drawing on a partnership of more than 15 years, in which our teams developed and managed the reservations system behind around 90,000 bookings a day, we designed and built the airline's first digital voucher system.[17] Any affected passengers could be issued a voucher automatically, transforming customer experience, saving money, and relieving pressure on staff at a moment of acute strain.

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[13] Department for Science, Innovation and Technology, *State of digital government review*.

[14] Department for Science, Innovation and Technology, *State of digital government review*.

[15] Department for Science, Innovation and Technology, *State of digital government review*.

[16] The Health Foundation, *New analysis highlights potential NHS funding gap if government productivity target cannot be met*, March 5, 2025 (https://www.health.org.uk/media-office/press-releases/new-analysis-highlights-potential-nhs-funding-gap-if-government-productivity-target-cannot-be-met).

[17] Sopra Steria, *Supporting millions of passengers at Europe's leading short-haul airline* (https://soprasteria.co.uk/insights/client-success-stories/details/supporting-millions-of-passengers-at-europes-leading-short-haul-airline).

The system proved so effective that it is now a permanent feature of easyJet's cancellations and refunds model. This example shows that when the people who will build and run a service are involved in design from the outset transformation can be delivered at pace, even under crisis conditions.

If the Government is to deliver its roadmap for modern digital government successfully, services need to be co-designed around the outcomes they are meant to achieve.[18] That means bringing citizens, frontline teams, SMEs, and strategic delivery partners together with policy, digital and operational colleagues, before a specification is fixed. Each brings something unique: lived experience of the service, knowledge of the front line, specialist innovation, and experience of running services at scale. Sopra Steria is one of the few transformation partners to combine consulting, technology and operational expertise under one roof. We design, build and run the change we recommend, so we see first-hand how design decisions play out once a service is live and in the hands of the people who depend on it.

Recommendation 1: Make outcome-based co-design the default for major service redesigns

For every major service redesign, departments should agree the outcomes the service must achieve, and how they will be measured, before a specification is written. They should then test options with the people who use the service, the frontline teams who run it, and the wider market, including SMEs and strategic delivery partners, using the preliminary market engagement the Procurement Act 2023 already allows.

Existing structures can carry this. The Digital Commercial Centre of Excellence could build co-design into its guidance for buyers, and the planned National Digital Exchange could make it easier for SMEs to take part. Departments would then report on whether redesigned services met their agreed outcomes, so that success can be repeated across government.

[18] Department for Science, Innovation and Technology and Government Digital Service, *A roadmap for modern digital government 2025-2030*, January 19, 2026 (https://roadmap-for-modern-digital-government.campaign.gov.uk).

2: Tie AI to outcomes citizens can feel and trust

AI, when deployed well, is one of the most powerful productivity levers available to the Government. It is often incorrectly perceived as a silver bullet in digital transformation efforts. In reality, the increasing integration of large datasets with large language models (LLMs) brings challenges as well as opportunities. In our experience, the difference between experimenting with AI and operationalising it lies in the foundations. You cannot fix, automate, or improve what you do not understand, which is why we start with data and processes rather than with the technology itself. Processes are simplified first, and only then automated.

Another foundation is trust. Citizens will only accept AI in public services if it is secure, resilient and accountable to them. Four requirements follow. Sovereignty means the UK retains control of its sensitive data and the critical services that rely on it. Resilience means AI-enabled services that keep running, or fail safely, under pressure. Transparency means departments record and explain how algorithmic tools are used, including through the Algorithmic Transparency Recording Standard. Human accountability means a named official owns every decision that affects a citizen's rights or entitlements. The Public Accounts Committee has warned that public trust is central to the successful adoption of AI in government.[19] We treat all four as design requirements from day one.

Recent deployments show what well-targeted AI can achieve. The Government has launched an AI-assisted tool to simplify more than 80,000 pages of government guidance,[20] while the Ministry of Justice's digital service for calculating prisoner release dates has saved time for thousands of frontline staff.[21] Meanwhile, the Government's 10 Year Health Plan cites evidence that as much as 60% of what an individual NHS staff member does can be freed up by technology.[22]

[19] House of Commons Committee of Public Accounts, *Use of AI in Government*, March 2025.

[20] Department for Science, Innovation and Technology, *Millions to get faster, easier access to government support with new AI tool*, May 14, 2026 (https://www.gov.uk/government/news/millions-to-get-faster-easier-access-to-government-support-with-new-ai-tool).

[21] Department for Science, Innovation and Technology, *State of digital government review*.

[22] Department of Health and Social Care, *Fit for the future: 10 Year Health Plan for England*, July 3, 2025 (https://www.gov.uk/government/publications/10-year-health-plan-for-england-fit-for-the-future/fit-for-the-future-10-year-health-plan-for-england-accessible-version).

Parliament has nonetheless sounded a note of caution: the House of Commons Science, Innovation and Technology Committee warned in June 2026 that treating headline savings projections as certainties risks undermining the credibility of the whole reform programme.[23] The distance between AI's promise and its delivered value is precisely why deployment must be tied to measurable outcomes and realised benefits.

The same principle – that AI and automation must serve a defined outcome – has guided our longest-standing partnership with the public sector. NHS Shared Business Services (NHS SBS), our joint venture with the Department of Health and Social Care, has put automation at the heart of NHS corporate services for two decades, and shows what designing, building, and running a service over the long term can achieve. Today, the national finance system we built and run processes over £395bn of NHS cash a year,[24] and we have developed more than 100 digital workers, which complete high-volume back-office tasks for the NHS, from invoice consolidation to doctors' rotas and recruitment letters, condensing 240 years of manual work into four years.[25]

With 99% of NHS trusts using at least one of its services, NHS SBS has helped the health service save more than £1bn since 2005, releasing money and staff time that can be reinvested into patient care.[26]

NHS SBS's recent white paper, 'Futureproofing the NHS', also demonstrates how the pattern repeats across the health service. At Central and North West London NHS Foundation Trust, automating a paper-based consent process returned 56 clinical hours to patient care every day. In Norfolk and Waveney, a unified data catalogue across five trusts revealed £7.3m in previously invisible savings, with identical items having been bought at different prices, and cut requisition-to-order processing from days to minutes.[27]

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[23] House of Commons Science, Innovation and Technology Committee, *Rewiring the state: Delivering digital government*, First Report of Session 2026–27, June 3, 2026 (https://publications.parliament.uk/pa/cm5902/cmselect/cmsctech/61/report.html).

[24] NHS Shared Business Services, *NHS SBS in numbers*, accessed October 30, 2026 (https://www.sbs.nhs.uk/about/in-numbers/).

[25] NHS Shared Business Services, *Impact Report 2024* (https://www.sbs.nhs.uk/app/uploads/NHS-SBS-Impact-report-2024.pdf).

[26] NHS Shared Business Services, *NHS SBS in number*,.

[27] NHS Shared Business Services, *Futureproofing the NHS: The case for transforming corporate services for innovation and productivity*, 2026 (https://www.sbs.nhs.uk/app/uploads/Futureproofing-the-NHS-full-version.pdf).

Sopra Steria Lumina, our approach to building AI into how a public service actually runs rather than bolting it onto older systems, shows the same discipline.[28] Our own AI-led contact centre supports more than three million people, settles 45% of contacts without human involvement, and has raised customer satisfaction by 21%. It routes the remaining 55% of contacts to a person by design, wherever a case needs the judgement an automated system cannot bring. This is what we mean by AI by default, human by design: automation takes on the work it does well, and people remain responsible for the decisions that matter most.

These examples demonstrate the principle at the centre of this section: automation succeeds when it is deployed against clearly defined productivity outcomes, for example, in service of the NHS's wider goals rather than for its own sake, and because people remain accountable for the results. The task for government moving forward is to industrialise what works, so that successes can be repeated across the system rather than rebuilt from scratch each time.

Recommendation 2: Measure the value that AI and digital investment delivers

A Public Service Value Framework would help the Government move from AI experimentation to implementation by measuring the value each significant AI or digital deployment delivers for citizens and staff. It would build on the Digital Performance Framework the Government Digital Service (GDS) introduced in 2025, which already looks at user experience, resilience and value for money, and on the commitment for departments to share annual outcome-based performance data from 2026.[1]

The framework could track six measures: productivity; service improvement; frontline capacity released; citizen experience; trust, including transparency and clear human accountability for decisions; and benefits realised against the original business case. Results would be reviewed through GDS's existing Digital Business Reviews, with Secretaries of State accountable for progress and a particular focus on high-pressure services, such as the NHS, HM Revenue and Customs and the Home Office. The framework is designed to support people in their roles, enhancing what they do rather than replacing them.

Where a department can demonstrate that a deployment has delivered measurable benefits, such as reducing waiting lists or accelerating the processing of claims, it could be permitted to retain a defined portion of the resulting efficiency savings, ring-fenced for scaling what delivered the improvement. This builds on HM Treasury's existing budget exchange mechanism, which already allows limited carry-forward of forecast underspends between financial years, and creates a direct reinvestment incentive. Over time, the same evidence would give future Spending Reviews a clearer view of where digital investment is paying off.

[28] Sopra Steria, *Lumina*, 2026 (https://www.soprasteria.co.uk/transformation/lumina).

3: Redesign work around people, with AI by default and human by design

Closing the productivity gap depends on people as much as on technology. The aim of modernising how government works is to give people back their time, freeing them up to make better decisions and focus on the high-value work that matters most. That capacity is only released if roles, workflows and skills change alongside the technology.

Sopra Steria's position on workforce change is AI by default, human by design. Every process should be examined for where AI and automation can take on routine, high-volume work, and every role should be designed around the judgement and accountability that only people can provide.

In practice, that means redesigning roles before technology is deployed, so that – for example – a caseworker can spend less time on data entry and concentrate more on complex cases, vulnerable customers, and quality assurance. It means investing in adoption, with frontline teams involved in testing, trained in how tools work and where their limits lie, and supported by managers who understand the change. It also means tracking whether released time is redeployed to higher-value work, because time saved on paper only becomes a productivity gain when it reaches the front line.

As outlined in the National Audit Office's 2025 report on government cyber resilience, the Government has historically struggled to recruit and retain people with digital skills.[29] The proportion of advertised roles for digital professionals filled has been in decline since 2019, dropping from a high of around 80% in 2020 to an average of around 50% in 2024.[30]

The cost of this shortage is substantial: over half of the public sector's £26bn digital and data spend goes to contractors, managed service providers and IT consultants, driving up costs and draining institutional knowledge, while under-resourced internal teams struggle to maintain, let alone modernise, the systems they inherit.[31]

Sopra Steria's experience shows that industry can be part of the answer and can generate lasting social value. We invest in our people for the long term, partnering with The King's Trust on our 'Get into Tech' programme, widening access to our Digital Academy, and helping people from underrepresented backgrounds launch new careers in tech. We take the same approach to the technology we build for the public sector, developing the Sopra Steria Lumina Academy alongside the solution itself so that the teams using it understand how it works. Public sector capability is built at the same time as the system, and new knowledge and skills stay in government.

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[29] National Audit Office, *Government cyber resilience*, January 2025 (https://www.nao.org.uk/wp-content/uploads/2025/01/government-cyber-resilience.pdf).

[30] Department for Science, Innovation and Technology, *State of digital government review*.

[31] Department for Science, Innovation and Technology, *State of digital government review*.

To address the skills gap, the public sector needs structured routes for expertise to flow between government and industry in both directions, and for knowledge to remain in place once a placement or contract ends. Many of those routes already exist, including the Digital Secondments Programme, TechTrack apprenticeships, and the AI Accelerator. What is missing is a consistent link between them and the deployments they are meant to support. Our final recommendation sets out how to make that link.

Recommendation 3: Build enduring capability alongside every major deployment

Every major AI or digital deployment should come with a workforce and adoption plan, agreed before go-live, setting out how roles will change, how staff will be trained and supported, and how released time will be redeployed. Contracts with delivery partners should make knowledge transfer a measurable requirement, with clear milestones for when departmental teams can operate, adapt and improve the service themselves.

The Government's existing programmes, including TechTrack, the AI Accelerator and the Digital Secondments Programme, already support its target for one in 10 civil servants to work in digital and data roles by 2030.[1] Linking them directly to live deployments, with two-way placements between departments and delivery partners of all sizes, would turn each project into a training ground. Progress would be measured through the Public Service Value Framework in Recommendation 2, including how much capability remains in government once a placement or contract ends.